MISSOURI OFFICE OF ADMINISTRATION: BUILDING A BETTER MISSOURI



2015 ANNUAL REPORT

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Commissioner's Message

DOUG NELSON



TO THE GENERAL ASSEMBLY AND THE CITIZENS OF MISSOURI:

The Missouri Office of Administration, created by the General Assembly on January 15, 1973, combines and coordinates the central management functions of state government as clarified and amended by the Omnibus State Reorganization Act of 1974.

Our senior management staff is comprised of a team of highly-motivated professionals who represent an array of professionalism, talent, experience and diversity that embodies the spirit of our state.

Our 2015 Annual Report highlights how our organization operates, functions and communicates to ultimately carry out the agency's duties and responsibilities on behalf of the citizens of Missouri. In it, you will read about the immediate accomplishments and challenges of the Office of Administration.

Over the past few years, like so many other states across the country, Missouri has learned to function with a smaller budget. We focus daily on adapting our output to deliver a leaner, more efficient and effective government, while still providing the high-quality services our employees and citizens have come to expect.

I look forward to working with you on the important projects and initiatives that are before us. Together, we will keep building a better Missouri.

Sincerely,

Douglas E. Nelson
Commissioner of Administration

What is the Office of Administration?

The Office of Administration (OA) combines and coordinates the central management functions of state government. OA provides services for state agencies and serves as the state's administrative office. The core functions provided by OA include:

- Administering the state budget and accounting activities for the state.
- Administering the human resources system and providing HR services.
- Coordinating information technology services and telecommunications for state agencies.
- Providing and maintaining office and other space for governmental operations and protecting the state's investments in property assets.
- Procuring supplies, materials, equipment and services for state agencies.
- Managing the state transportation fleet, vehicle maintenance, state printing, risk management and central mail services.

Statutory reference:
Chapter 37
(Created by General Assembly on 1/15/73; responsibilities were clarified & amended by the Omnibus State Reorganization Act of 1974).

OA Divisions:

1. Accounting
2. Budget & Planning
3. Facilities Management, Design & Construction
4. General Services
5. Information Technology Services
6. Personnel
7. Purchasing

Commissioner's Office

DOUG NELSON



Commissioner

RENEE SLUSHER



Deputy Commissioner/ General Counsel

WALTER PEARSON



Assistant Commissioner

EMILY KRAFT



Special Assistant

MARK TUCKER



Legislative Liaison

RYAN BURNS



Public Information Officer

WANDA SEENEY



Community Outreach & Marketing Director

KRISTEN PAULSMEYER



Legal Counsel

AARON HART



Human Resources Director

COURTNEY STALTER



Budget Officer

SHERRECE SMITH



Executive Assistant

SARA VANDERFELTZ



Administrative Assistant

DOUG NELSON

KRISTEN PAULSMEYER
Legal Counsel

SARA VANDERFELTZ
Administrative Assistant

SHERRECE SMITH
Executive Assistant

RENEE SLUSHER
Deputy Commissioner/ General Counsel

MARK TUCKER
Legislative Liaison

EMILY KRAFT
Special Assistant to the Commissioner

RYAN BURNS
Public Information Officer

WALTER PEARSON
Assistant Commissioner

COURTNEY STALTER
Budget Officer

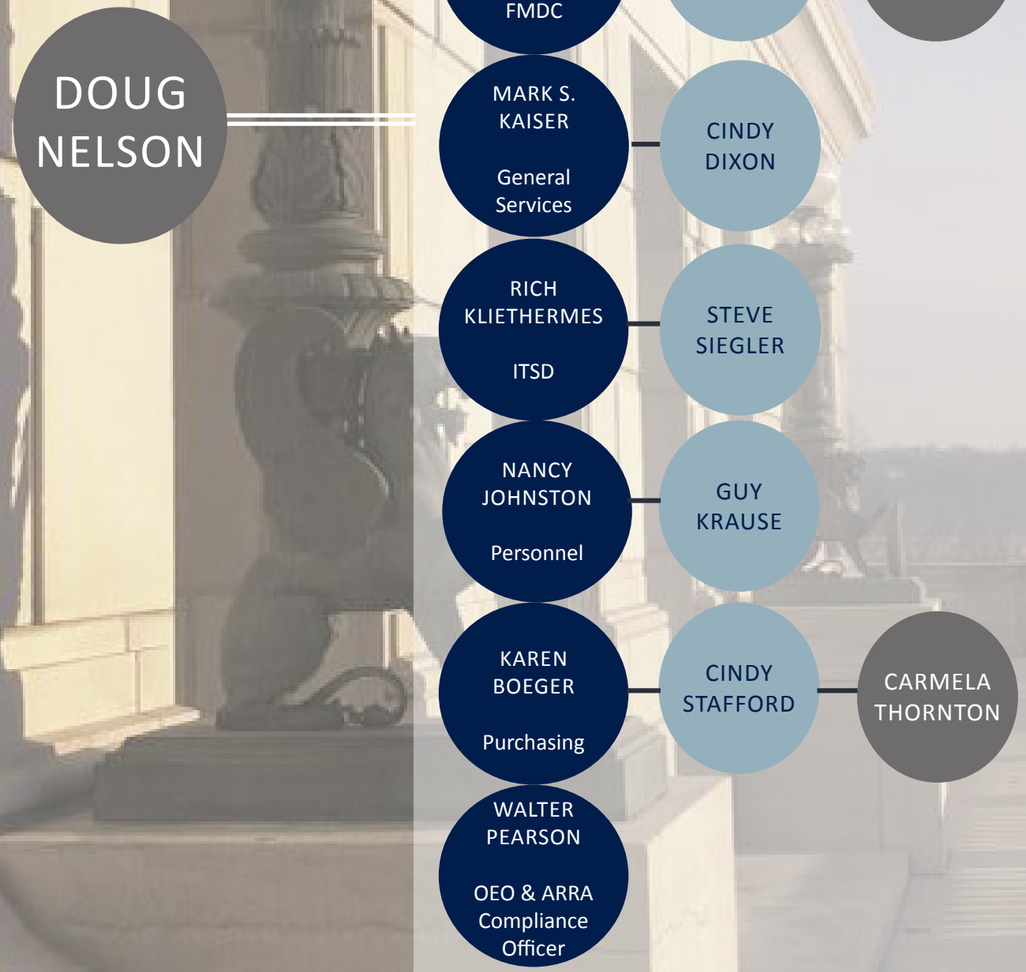
WANDA SEENEY
Community Outreach & Marketing Director

AARON HART
Human Resources Director

WALTER PEARSON
Interim Director of OEO

Office of Administration Organizational Chart

Director's Office Organizational Chart



Director's Office



DOUG NELSON

Commissioner



STACY NEAL

Accounting



DAN HAUG

Budget & Planning



CATHY BROWN

Facilities Management, Design and Construction (FMDC)



MARK S. KAISER

General Services



RICH KLIETHERMES

Information Technology Services Division (ITSD)



NANCY JOHNSTON

Personnel



KAREN BOEGER

Purchasing



WALTER PEARSON

Office of Equal Opportunity & ARRA Compliance Officer

Division of Accounting

ACCOMPLISHMENTS:

1. Debt Restructuring and Issuance – In 2015, OA assisted with the issuance of two bond transactions. The first transaction occurred in April when $36,805,000 was issued by the Board of Public Buildings to finance capital improvements and renovation of the Lafferre Building on the University of Missouri-Columbia campus. This transaction also included a $20,250,000 refunding component to take advantage of the historically low interest rates. The refunding portion resulted in budgetary savings to the state of $1,377,400 over the remaining life of the bonds, which represents a 6.44 percent savings.

The second transaction occurred in September when $60,000,000 was issued by the Board of Public Buildings to finance capital improvements and renovations at facilities across the state. This issuance is the first of several transactions to provide $314.3 million of funds, including $75 million for improvements to the Capitol and Capitol Annex, $161.5 million for improvements at the state's colleges, universities and community colleges, and $77.8 million for improvements at properties across the state including office buildings, veteran's homes and state parks.

2. Missouri's AAA bond rating reaffirmed – The state's AAA bond rating was reaffirmed during 2015. All three credit rating agencies (Fitch Ratings, Standard & Poor's and Moody's Investors Service) have rated Missouri's general obligation debt as AAA. Missouri's rating, currently higher than the U.S. sovereign rating, is equaled by only 11 states. The rating, which applies to general obligation bonds issued by the state, allows the state to borrow with lower interest rates, thereby saving the state money. Missouri's conservative financial management has contributed to the state maintaining the AAA rating since 1989.

3. Statewide Cost Allocation Plan – Accounting has met with the U.S. Department of Health and Human Services (HHS) regarding the Statewide Cost Allocation Plan. Each year, Accounting seeks HHS approval of the plan to generate additional federal funding for state agencies with federal grants. The plans for 2007-2012 had been partially approved however; issues remain related to the consolidated Information Technology Services Division and Facilities Management Design & Construction for the 2007-2012 plan years. During 2015, Accounting responded to all outstanding questions and received confirmation that all prior issues have been finalized and closed without any negative financial impacts to the state.

4. Social Security – The State Social Security Administrator is responsible for maintaining and administering provisions of the state's Social Security coverage agreement, extending Social Security coverage to the state's political subdivisions and the proper application of Social Security and Medicare coverage. These agreements, referred to as Section 218 Agreements, represent a mutual commitment to assure that participation in the Social Security program is a viable part of employee benefit programs available to public employees. In 2015, the State Administrator submitted 24 coverage agreements, conducted direct communication with 16 county health department administrators, had nine face-to-face educational sessions with entity employees, five explanatory conference calls with boards, and seven referenda for proper coverage. We developed and implemented a webinar/conference call method for educational sessions and conducted two events. There have also been presentations and other contacts with various entities regarding the complexities of coverage.

5. Implementation of MissouriBUYS – The first implementation phase of the statewide eprocurement system was the establishment of a vendor self-service portal. This phase successfully launched on August 31, 2015. The portal allows vendors to maintain their own information including addresses, bank accounts, and codes describing the goods and services they provide. This information is then interfaced into the statewide accounting system for payment processing. The implementation of the self-service portal is a positive development for the state because less staff time is required to enter and maintain vendor information. More significantly however, with vendors maintaining their own information, there is less risk of another entity submitting fraud paperwork and gaining unauthorized access to vendor information. In the recent few years, Accounting has experienced an increase in fraudulent inquiries and instances of individuals submitting fraudulent requests for bank account changes.

Employees:
49

Budget:
$2,226,481

(*includes PS & EE)

STACY NEAL



Division Director

OVERVIEW

The Division of Accounting provides central accounting services for all state agencies. This includes producing checks, ACH payments and providing technical support for the statewide accounting system.

In addition, the Division provides a central payroll processing and reporting function for all state agencies, including processing wage garnishments, direct deposit of state employee pay and providing technical support for the statewide HR system.

Accounting is also responsible for providing numerous statewide financial reports. This includes the Comprehensive Annual Financial Report, cash flow reports for the General Revenue Fund and three different debt reports.

The Division monitors and provides oversight of the employee benefits program. This includes transfers from agency funds to a central statewide fund from which the benefit providers are paid.

Accounting also provides support and oversight for the issuance of state debt. This includes communication with Moody's Investors Service, Standard & Poor's and Fitch Ratings to maintain the state's AAA rating.

"The refunding portion resulted in budgetary savings to the state of $1,377,400 over the remaining life of the bonds, which represents a 6.44 percent savings."

CHALLENGES:

1. Inefficient Statewide Accounting System – Accounting is tasked with managing the state's statewide accounting system (SAM II), which has not been significantly updated in 15 years. Although efforts are currently underway to modernize parts of the system with the implementation of MissouriBUYS, this is a small portion of the accounting system functionality. As the technology continues to age, the risks related to maintaining the existing system continue to increase and the support pool within the state and with the vendor continue to diminish.

2. Integration of MissouriBUYS and SAMII Financial – MissouriBUYS is intended to be a "real-time" integrated system with the statewide financial system. SAMII Financial is an antiquated system which uses batch versus a real-time integration, which has caused challenges with the efficiency of MissouriBUYS. Instead of messages being returned immediately from SAMII Financial, there is a delay of up to 30 minutes receiving messages back for certain transactions. Accounting and ITSD staffs are working through scenarios which may significantly lessen this delay, but the delay is still occurring. This will cause some inefficiency in processing due to delays which are attributed to the way integration must work between the two systems.

3. Cash Flow – Cash balances in the general revenue (GR) fund continue to remain low. Borrowing from the budget reserve fund has been necessary each fiscal year from 2008 to the present. The FY16 anticipated ending cash balance indicates additional borrowing may be required in FY17. Accounting will continue to closely monitor GR cash balances and borrow as necessary to ensure all payments are processed timely. This condition is expected to persist until structural changes are made in the budget.

4. Employee Benefits – The Office of Administration successfully implemented the requirements of the Affordable Care Act by offering health insurance coverage to all full-time employees, which are defined as employees that work 30 hours or more on average. During 2015, Accounting and ITSD have been working diligently with Missouri Consolidated Health Insurance Plan, Conservation Health Insurance Plan, and Missouri Department of Transportation and Highway Patrol Insurance Plans to ensure accurate reporting to the employees. While great strides were accomplished in 2015, the reporting requirements of the Act remain a challenge for the division in 2016. While the information that is available has been gathered, we still have significant hurdles to clear to combine the many different sources of information, verify accuracy of the data, and produce the forms for distribution to the employees. Upon completion of the employee reporting requirement, challenges remain to format and transmit the file to the IRS.

5. Tax Compliance – Over the past few years, the IRS has pushed for greater post-issuance compliance on tax-exempt financing. Accounting has faced many challenges with going back to old debt issuances and getting the necessary and required documentation to meet IRS regulations and guidelines. It is imperative to have the files in place in order for the state to continue financing projects on a tax-exempt basis, which allows the state to issue debt at lower interest rates. In addition to the tax compliance challenges on existing outstanding debt, there will be additional challenges relating to new money debt issuances. This includes keeping track of all detailed expenditures of debt proceeds as well making sure all spending is done within the specified time frame to avoid financial penalties with the IRS. Both will require additional scrutiny that was not there in the past.

6. Comprehensive Annual Financial Report (CAFR) – Accounting is responsible for producing the state's CAFR. The report should be issued by December 31st each year. However, Accounting has had challenges meeting that deadline. We have begun educating state agencies on the necessary information they must submit to us to make the process more efficient. In addition, we regularly look for ways to reduce our staff hours and make our work papers more efficient. Even with these improvements, it is still a challenge to complete the CAFR in a timely manner as most years there are additional reporting requirements added by the Governmental Accounting Standards Board which adds additional complexity to the process. The process is manual due partially to an out of date accounting system and the fact that the information used comes from many different sources. We will continue to look for ways to improve the timeliness of issuing the report while still maintaining the integrity of the data found in the report.

7. Social Security – The State Social Security Administrator duties continue to be challenging. The number of entities that exist without a proper coverage agreement is significant. Through a partnership with the Secretary of State's Local Records Division, we have identified over 1,000 additional entities needing further research for proper coverage. As a result, significant communication and education challenges exist. Efforts are underway to amend state laws and regulations related to the requirements of 218 coverage agreements with political subdivisions. These law and rule changes would eliminate the requirement for every political subdivision to have an agreement and would coincide with the federal regulations related to mandatory Social Security coverage when governmental entities do not participate in a Federal Insurance Contributions Act (FICA) equivalent retirement system. Additionally, the federal Social Security Administration appears to be modifying some of their past guidance regarding administration and operation of the program. The role of the State Administrator is neutral, yet explaining the impact to benefits when an entity has been contributing without the legal means to do so can be quite challenging.



Governor Nixon visits the University of Missouri Kansas City campus to announce improvements which will be made in conjunction with Building Affordability, a higher education bonding package.

"From Day One, we have maintained a laser-like focus on balancing the budget and maintaining Missouri's perfect AAA bond rating."
Governor Jay Nixon

Division of Budget & Planning

ACCOMPLISHMENTS:

1. Maintaining a Balanced Budget – Budget and Planning assisted the Governor's Office with finding solutions, including cost-containment options, to ensure a balanced budget and that limited resources were focused on the state's priorities. The division also provided the Governor's Office with information on legislation that may negatively impact the budget.

Employees:
26
Budget:
$1,683,864*

(*includes PS & EE)

2. Legislative Analysis – The division completed reviews on 117 Truly Agreed To and Finally Passed (TAFP) bills and 70 legislative proposals, providing thorough analysis of policy and financial issues to the Governor's Office for consideration during its review of legislation.

3. Fiscal Note Analysis – The Division completed reviews on 777 fiscal notes for the division and the Governor's Office for submission to the Joint Committee on Legislative Research, Oversight Division to estimate the impact of pending and TAFP legislation. In addition, the division coordinates the fiscal response on significant legislation with a statewide or multi-department impact.

4. Continued Efficiencies – The division worked with all departments to continue to find efficiencies in their budgets. For example, the division worked with multiple departments to develop strategies to fund Medicaid expansion as proposed by the Governor. The division worked with Department of Health and Senior Services on efforts to target resources to assessment and reassessment efforts.

5. Budget Transparency – Budget and Planning worked with the Department of Elementary and Secondary Education (DESE) and legislative budget staff to revise the way the school foundation formula is reflected in the state budget. Division staff identified a process for clearly identifying the amount of general revenue being appropriated and expended on the foundation formula. The House and Senate staff along with DESE staff agreed that the new methodology was more transparent and easier to explain in budget discussions.

6. Clean-Up Legislation – Budget and Planning worked with the General Assembly, the Governor's Office and departments to draft and review multiple clean-up issues for the 2016 session related to the criminal code, reorganizations, duplicate sections and expired/obsolete statutes.

7. Medicaid Expansion – The division assisted with policy development, fiscal analysis and presentation of the Medicaid expansion proposal. This involved coordination between various departments, interactions with various legislators and advocate groups and public dissemination of the information.

CHALLENGES:

1. Continued Budget Challenges – Despite a recovering economy, uncertainties at the federal and international level led to challenges at the state level. Budget and Planning continued to assist the Governor's Office by ensuring the state budget remained balanced by analyzing and tracking spending and revenues and by providing analysis, options and recommendations for action.

DAN HAUG



Interim Division Director

2. Legislative Priorities – To assist with the budget challenges and continue to move the state forward, it was essential to continue to make progress in new legislation without negatively impacting the state's budget situation.

3. Federal Budget Uncertainty – The federal budget continues to present challenges for future planning. A change in House leadership has brought a new dynamic to budget negotiations; however, negotiations have been slow and resulted in several continuing resolutions.

4. Revenue and Economic Projections – Changes to the tax code at the state and federal levels, as well as the recovering economy, continue to impact the variables used to forecast the state's revenue projections. In addition, the division continues to face the challenge of analyzing numerous, complex bills changing the state tax code.

5. Staff Turnover – Between July 2014 and September 2015, the division experienced unprecedented turnover – 27 percent in staff (new staff to the division for vacant positions) and 54 percent in assignments (number of internal/new staff new to their assignment). The division continues to work on getting our staff up-to-speed on all budget, legislative and policy issues.

OVERVIEW

The Division of Budget and Planning analyzes budget policy issues and provides information to the Governor's Office, Commissioner's Office, General Assembly, Missouri's Congressional delegation, state, local and federal agencies, and various advocacy groups.

In addition, the division reviews state agency fiscal operations, prepares annual budget instructions, analyzes budget requests, and prepares the annual Executive Budget and appropriation bills. Division employees analyze state economic and tax issues, estimate revenue collections, track agency performance measures and draft fiscal notes.

Budget and Planning also manages the automated state budget system.

The Division coordinates legislative reviews for the executive branch and analyses the impact of federal issues on the State of Missouri.

The Division is the designated state demographic agency and has statutory duties for technical aid to the decennial redistricting of state House and Senate districts.

6. EE Budget – The division's EE budget as a percentage of its total operating budget is the lowest of any OA division – four percent. B&P's EE budget is not able to cover professional development opportunities for its staff. 55 percent of the division's budget is allocated to four important subscriptions that aid in research and provide economic and budget information – NASBO, FFIS, Macro Economic Advisors and Moody's. These subscription costs have gone up an average of $1,000 per year; this equates to a 40 percent increase over the past 10 years while the division's EE budget decreased 20 percent over the same timeframe.

Division of Facilities Management, Design and Construction

Employees:
513.5
Budget:
$53,230,508*

(*includes PS & EE)

CATHY BROWN



Division Director

OVERVIEW

The Division of Facilities Management, Design and Construction (FMDC) provides asset management services to assist state entities in meeting their facility needs for the benefit of the public. The division has five units including: real estate services, state-owned operations, institutional operations, project management/planning unit and the energy unit.

The mission is to provide a superior workplace environment for state occupants and their visitors and protect the state's investments in property assets. The goal of FMDC is to provide agencies with the information and resources that will support their development of high-performance workplaces – workplaces that will meet agencies' business needs and can be readily adapted to changing workplace practices and strategies.

ACCOMPLISHMENTS:

1. Cost Savings – The division continues to see significant costs savings related to leasing operations as a result of renegotiation and termination of leases and janitorial contract savings. For the 2015 calendar year, FMDC has reduced leased square footage by 53,118 square feet and associated rent costs by $42,385 and janitorial reductions of $3,194 for a total reduction of $45,579. Since 1/1/2009, leased space has been reduced by 477,585 sq ft and rent by $5,296,883. Total janitorial reductions were $719,477 for a total leasing/janitorial reduction of $6,016,360.

2. State Capitol Building –Phase I of the replacement of the HVAC system is in the final stages of completion and Phase II will begin after the 2016 legislative session. The project to replace the elevator equipment and modernize the cabs throughout the building was completed. Design is complete for the foundation and waterproofing portion of the exterior stone project and is bidding in early 2016 in order to have construction complete for this portion of the project by 1/1/2017. The programming phase is nearing completion for the MoDOT Annex project. Next steps involve meetings with a joint committee to garner the House and Senate leadership's input for the project. In addition, the modernization and replacement of all Capitol elevator equipment has now been completed.

3. Energy – The division continues to realize energy consumption reductions. Through the first three quarters of the calendar year, energy consumption was down 25 percent compared to the same timeframe in the base calendar year of 2008. Electricity consumption was down 17 percent and gas consumption was down 38 percent. This continues to exceed the Governor's Executive Order 09-18, which requires a two percent reduction per year.

4. Archibus and Energy Management Systems Cost Savings – FMDC has completed the process of working with ITSD and Talisen Technologies to improve these computer systems' performance to make them more reliable and operate more efficiently. The development and maintenance cost of these systems has decreased over $1.5 million annually since calendar year 2008 when $1,823,000 was expended to $307,000 being expended in 2015. These systems are now upgraded and integrated within the state computer network. This will allow more efficient use of the systems by having improved software and more reliable hardware components.

5. Revenue Generated – By selling a property through the normal conveyance process, FMDC generated $1,250,000.

6. Capital Improvement Projects
- Capitol: Elevator modernization
- Capitol: $40M exterior stone and substructure repair project
- Capitol/MoDOT Building: Create Capitol Annex by sharing space w/MoDOT, removing mezzanine offices in the Capitol and constructing an employee tunnel between MoDOT and the Capitol
- Capitol: Bollard replacement (East guard gate)
- JC Post Office: Completed the build-out of the 2nd and 3rd floor space. Moved the Administrative Hearing Commission to the 3rd floor and the DSS/Hearings Unit will be moving to the 2nd floor in early 2016.
- State Fair: Construction of safe rooms
- State Fair: New wash barn







CHALLENGES:

1. Leasing – FMDC will continue to explore lease reductions and consolidation opportunities statewide for future leasing savings. Leases and rent payments have been significantly reduced over the last seven years with a total reduction of 477,585 sq ft of leased space and $6,016,360 savings in rent and janitorial expenses. Other departments are downsizing and/or consolidating, which may provide some additional lease reductions. As has occurred over the last seven years, FMDC will continue to explore lease terminations and consolidations into state-owned space in an effort to save money.

2. P3 Delivery Model—Financial Advisory Services: Issued an RFP and received responses for financial advisory services. Award of the contract is currently being finalized. This contract will allow the public sector to utilize the expertise of financial advisors that can advise the state as to whether or not a potential, future project has any merit prior to proceeding forward. The division is also continuing the exploration of the development of public/ private partnerships to reduce operational costs and improve efficiencies, while also pursuing collaboration with utilities to develop solutions that will provide mutual benefits in the areas of power, heat, water and wastewater at state facilities.

3. Energy Savings – Continue energy-savings projects by retrofitting lighting at various sites. The retrofitting entails replacing existing inefficient lighting with much more efficient LED technology that far reduces the wattage required and offers a much greater bulb life. FMDC will continue to explore additional energy projects that offer a quick payback and significantly reduce energy consumption.

4. Energy Education –FMDC continues to work with the Department of Economic Development's Division of Energy, through a grant that educates FMDC operations staff on energy efficiency opportunities as well as working with a consultant that can assist in how best to utilize performance contracting and to include proper measurement and verification procedures related to energy projects.

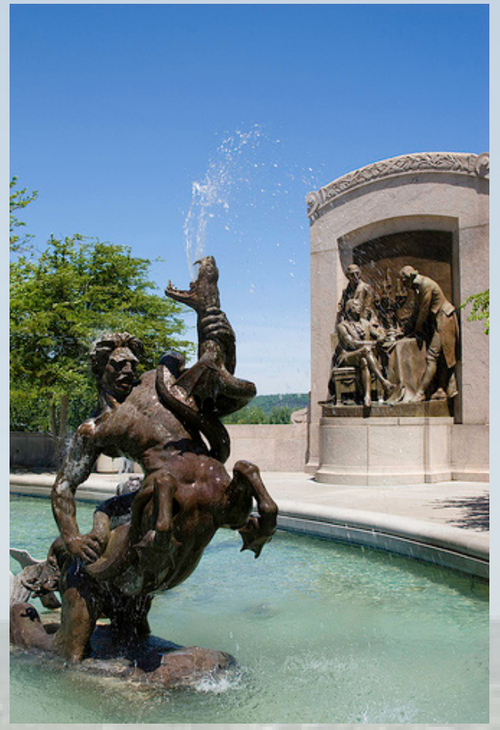
5. Capital Improvement Funding – FMDC will continue to monitor capital improvement funding necessary to address deferred maintenance throughout the state. FMDC continues to address maintenance and repair issues as they arise statewide.

FMDC received maintenance and repair funding as well as bond funding to address various projects around the state. These include, but are not limited to, a $40M project that addresses the water infiltration and stone repairs to the Capitol. In addition, a $35M project that converts the MoDOT Building to a Capitol Annex Building that allows for some of the staff currently located in the Capitol to be moved to the MoDOT Building. Some existing MoDOT staff could move to alternate locations, but would maintain a presence in the building as well. This project also removes the mezzanine offices in the Capitol in order to address ADA concerns and the project provides for the construction of a staff tunnel between the MoDOT Building and the Capitol.

6. Staffing – FMDC continues to face hiring challenges in various areas with the division. Specifically, we have found it nearly impossible to find qualified and interested mechanical engineering applicants. In addition, degreed architects as well as structural engineers are difficult to attract to state government. Those applicants seem to be migrating to larger metropolitan areas once out of college and entering into the private sector. Their beginning salary structure in the private industry tends to be significantly greater than what FMDC has the ability to offer. Operationally, retention and career progressions of physical plant operators (refrigeration mechanics, HVAC techs, stationary engineers, boiler operators) and physical plant supervisors has become a critical, ongoing staffing issue.

"My administration has worked diligently to protect our perfect AAA rating and keep our state on a fiscally sustainable path. This sound fiscal management allows these funds to be put to use in several state programs and make long-term capital improvements."

Governor Jay Nixon





Division of General Services

ACCOMPLISHMENTS:

Employees:
106
Budget:
$4,776,651*

(*includes PS & EE)

1. Reduced Mileage Reimbursement Rates - In an effort to assist agencies in cutting their costs of operation, the Office of Administration reduced mileage reimbursement rates by $0.13 per mile during 2010 to the current rate of $0.37 per mile. This action saved more than $950,000 during FY10, $2.5M in FY11, $3.7M in FY12, $3.75M in FY13, $3.62M in FY 14, and $4.46M in FY 15. Total six year savings is $18.9 million.

2. Reduced Business Miles Driven - State agencies reporting to the Governor reduced their FY15 business miles driven by 9 percent from FY09 levels, or 6.03 million miles. Six year savings as a result of the business mile reduction initiative total $14.1 million ($1.76M in FY10, $3M in FY11, $2.05M in FY12, $2.44M in FY13, $2.8M in FY 14, and $2.1M in FY 15).

3. Continued Redirection of Business Travel to Lowest Cost Option - For the ninth straight year, state agencies have redirected more of their business miles from mileage reimbursement to lower cost state vehicles and rentals. Since FY05, mileage reimbursement miles driven by state employees have dropped 54 percent from 43,698,576 to 20,050,197. While total business miles driven have dipped 13 percent over the period (194,368,350 to 169,038,999), the percentage of miles driven in state vehicles actually increased 10 percent (77 to 87 percent). Moving from the highest cost option of mileage reimbursement to the lower cost options saved an estimated $1.5M in FY15 compared to FY05 levels.

4. Reduced the State Vehicle Fleet – In early 2010, most state agencies were asked to reduce the size of their fleets to achieve a reduction goal of 400 vehicles. To date, state agencies have reduced their fleets by 917 vehicles, returning more than $2.4 million to the state.

5. Consolidated Agency Carpools – Fleet Management consolidated Jefferson City-based pool vehicles in 12 agencies. To date, 128, or 44 percent, of these vehicles have been eliminated. Consolidating these smaller carpools reduced the number of required vehicles from 288 to 160, increased administrative efficiencies, maximized vehicle utilization and minimized the necessity to redirect business miles to more expensive options.

6. Increased State Vehicle Annual Utilization - The average annual utilization of state pool vehicles increased to an all-time high. State pool vehicles averaged 21,097 miles in FY15, far exceeding the 15,000 mile minimum requirement set forth in the State Vehicle Policy – one of the highest standards in the nation for government fleets. Since the inception of the State Fleet Management Program, pool vehicle utilization has increased by nearly 61 percent from 13,140 miles in FY02 to 21,097 miles in FY15.

7. Implementation of RESTORE – The Risk Management unit, working closely with the Information Technology Services Division, implemented a new workers' compensation system that will improve accountability, functionality, productivity, and efficiency.

8. Reduced Mail Services Costs to Agencies – Central Mail Services decreased its annual service charges to state agencies by more than $200,000 in FY15. Further efforts to reduce operating expenses along with greater postage savings generated through the use of mail sorting equipment enabled these savings to be passed on to agencies. OA now provides consolidated mailing services to state agencies for just over $500,000 per year, nearly 64 percent lower than the total costs of just under $1.4 million identified by state agencies as their costs before consolidation.

9. Surplus Property / Recycling – Surplus Property is currently in the process of implementing a more efficient inventory and accounting software system. The first modules of the system were installed in October of 2015 with a final conversion date planned for late spring of 2016. Over 6,000 square feet of concrete was added to extend donor parking and to enhance the garage and other traffic areas. Sales of state surplus property have exceeded $9.6 million on Gov Deals over the past 10 years. The administrative fee was lowered 2.5 percent in October of 2015. All Gov Deals are paid by the buyer. State agencies will no longer have a Gov Deals fee starting in January of 2016. State Recycling continues to be a financially self-sustaining operation with a diverse set of revenue streams and strong working relationships with state agencies in the executive, judicial and elected branches of government.

MARK S. KAISER



Division Director

OVERVIEW

General Services provides agencies with a variety of support services including: printing, fleet management, administration of the Legal Expense Fund, the state employee Workers' Compensation Program, vehicle maintenance, mail services and administration of the Missouri State Employees Charitable Campaign. The division also provides staff to administer the Missouri Public Entity Risk Management Fund, a liability and property pool for Missouri public entities. The division recently added the Surplus Property and Recycling programs that were transferred from the Division of Purchasing.



Mark Kaiser & Missouri State Employee Charitable Campaign Coordinators present check from 2016 campaign to Commissioner Doug Nelson.

Reduced Mileage Reimbursement
Six year savings = $18.9M

Reduced Business Miles Driven
Six year savings = $14.1M

Redirected Business Travel Costs
Savings = $1.5M in FY15

Reduced State Vehicle Fleet
Savings to date = $2.4M

CHALLENGES:

1. Deteriorating Fleet Condition – The condition of the general revenue passenger fleet continues to be a concern. Reliable and safe transportation is critical in providing essential state services to the people of Missouri. The annual general revenue investment in the passenger vehicle fleet alone should be at approximately $2.7 million to maintain the fleet at its present condition. However, general revenue funding over the past several years for these vehicles has fallen significantly below the required levels. At the end of FY16, 49 percent of the GR passenger fleet will exceed the 120,000 mile minimum replacement criteria, and by the end of FY17, 57 percent will be eligible for replacement. Without sufficient annual funding to replace aging vehicles, the condition of the fleet will deteriorate to a point where agencies are forced to utilize more costly travel options.

2. Rightsizing the Carpool Fleet – With the successful consolidation of agency carpool fleets, Fleet Management will continue efforts to reassign vehicles to maximize efficiency while maintaining high service levels to its carpool customers. The age, condition and mix of vehicles will be evaluated to ensure a proper balance of vehicles is available to agency customers.

3. Managing with Limited Resources – As with most agencies, General Services continues to provide increasingly complex and expanded services to state agency customers with diminishing resources. The division prides itself in meeting these new challenges with innovative solutions that improve productivity, increase efficiency and lower costs.

To illustrate:

- State Printing has improved productivity by streamlining staff and responsibilities and utilizing emerging technologies. State Printing has not increased its labor rates for 16 years with charges remaining significantly below the prevailing market.
- Vehicle Maintenance continues to provide vehicle repair services at labor rates 40 percent below the average local repair facility hourly rates.
- Central Mail Services provides mail processing services for state agencies in the Jefferson City area at a cost to the state nearly 40 percent less than was expended prior to consolidations.
- Risk Management processes workers' compensation claims at less than one-half the cost of other insurers doing business in the State of Missouri as reported by the National Council for Compensation Insurance and the Missouri Department of Insurance, Financial Institutions and Professional Registration.

4. Surplus Property – The program operates as a self-funded entity surviving on its service charges for transportation and distribution of federal surplus property. The current appropriation for the program is capped at an amount that restricts the ability for Surplus Property to acquire all the property that is requested by the donees. Operating a legacy system and working out all the operational and procedural issues related to a new administrative support system is challenging. Surplus Property is in need of more covered space for its current inventory to better serve its customers.
5. State Recycling – Managing the recycling contracts in St. Louis and Kansas City remotely from Jefferson City has been challenging. Recycling revenues were down significantly in FY15 mirroring drops in the recyclable commodity markets.

For the ninth straight year, state agencies have redirected more of their business miles from mileage reimbursement to lower cost state vehicles and rentals.

Since FY05, mileage reimbursement miles driven by state employees have dropped 54 percent.

Division of Information Technology Services

RICH KLIETHERMES



Interim CIO

ACCOMPLISHMENTS:

1. Cybersecurity Efforts Earn National Award – In 2015, ITSD was honored with the "Overall Excellence in Cyber Security Award." The award was the highest award presented to an organization at the FireEye Cyber Defense Summit in Washington, D.C. ITSD was chosen for being a model of cybersecurity awareness, infrastructure and practices.

Employees:
985
Budget:
$254,429,667*

(*includes PS & EE)

2. National Association of State Chief Information Officers (NASCIO) 2015 State IT Recognition Awards – DNR's Geosciences Technical Resource Assessment Tool (GeoSTRAT) was selected as a finalist for the 2015 Outstanding Achievement in the Field of Information Technology award. GeoSTRAT is an interactive public mapping application developed to make geologic and hydrologic data readily available for public use. The application enables users to easily visualize and explore geospatial data using an interactive 3D map to view data such as water wells, sinkholes, historic mine locations, caves and springs. This data can be downloaded in formats compatible with a variety of free and commercial mapping software as a valuable tool in many areas including hazard identification, environmental engineering, emergency response, and insurance purposes.

3. Cybersecurity - Protecting state assets, networks, systems and data is a challenge for all states and the threat to our cybersecurity from identity thieves, hacktivists and advanced persistent threats becomes more challenging to defend against every month. Hackers are not only using automated attacks against our state in an attempt to identify vulnerabilities that they can exploit, their use of social engineering and spear phishing is getting more and more sophisticated. This means that every state employee, not just IT, plays an important part in defending against these very real threats.

Cybersecurity funding appropriated by the Governor and General Assembly in recent years continues to be put to use by ITSD's team of cybersecurity professionals as they enhance the state's cybersecurity systems and train state employees in cybersecurity best practices. 2015 accomplishments include:

- Data Loss Prevention (DLP): To further protect against accidental and malicious data loss, ITSD implemented controls throughout the network and on endpoints. These controls block data from leaving the network

OVERVIEW

The Information Technology Services Division (ITSD) is the information technology unit for nearly all state government agencies under the umbrella of Missouri's 14 consolidated departments. ITSD also provides network services to all other Missouri state government agencies.

The Missouri State Data Center (SDC) is the state's private cloud and provides a cost-effective, uninterruptable hosting environment to support state IT needs.

The Networks and Telecommunications team is responsible for the communication infrastructure that provides essential support to state government agencies. Advancements by the team have enhanced business operations, making communications within state government and with Missouri citizens more efficient.

The Office of Cybersecurity works to ensure information and information systems maintained by the state are protected and appropriate safeguards are in place to reduce potential risks. Successful cybersecurity management allows networks to operate at maximum capacity while protecting citizens' data.

The Project Management Oversight Office (PMO) provides guidance on development and maintenance of IT contracts and assists IT project managers with performance of their duties when necessary. The PMO also assists and advises on various IT governance initiatives.

The End User Support (EUS) group provides a wide range of IT assistance to employees of consolidated agencies within state government and some public entities affiliated with these agencies. State employees can make an IT support request by utilizing the online "helpdesk" ticket system or calling the Tier I call center. Problems are resolved by Level I and Level II technicians.

The Office of Geospatial Information (OGI) coordinates and supports Geographic Information Technology (GIT) for the State of Missouri, governing all technologies and standards related to the development of the state's geospatial infrastructure, data and metadata.

Application Development teams work closely with state agencies to develop and maintain software used by state agencies to fulfill their core missions.

The Web team provides technical support and expertise to all agencies and maintains web portals that support the state as a whole.

and notify appropriate agency personnel when Personal Identifiable Information (PII) or other sensitive data is at risk of leaving the state's domain.

- Advanced Malware Protection Deployment: ITSD deployed multiple controls during 2015 to protect state resources from web and email borne advanced malware and phishing attacks. These controls augment the existing advanced malware protection systems already in place by protecting endpoints and file shares. Advanced malware and phishing attacks continue to be one of the most significant cyber threats to state government.
- Multi-factor Authentication: ITSD implemented multi-factor authentication for remote access to the state's network for users utilizing VPN and VDI environments. This form of strong authentication greatly reduces the risk of stolen passwords because during authentication, the user must provide a number from a token that is in their possession.
- Cybersecurity Awareness: ITSD switched primary awareness service providers from SANS to Security Mentor. Security Mentor provides interactive awareness lessons that engage the end-user on various topics from phishing to strong passwords. ITSD still utilizes SANS "Securing the Human" End User Training but as a secondary method to raise awareness. The goal of the awareness lessons is to equip state employees with the knowledge necessary to protect themselves and the state's data from sophisticated phishing attacks and to ensure good cyber hygiene.
- Threat Intelligence Sharing: ITSD developed a threat intelligence (intel) sharing portal for internal state staff and also associated business partners with the state. The portal enables ITSD to share threat intel to others quickly and effectively. The portal is intended to raise awareness throughout the state community about the adversaries the state faces and to provide meaningful and actionable intel so others can quickly protect themselves from similar attacks.
- Cyber Exercises: In 2015, ITSD joined the Missouri National Guard's Cyber Team in a cyber range exercise. The exercise format consisted of a red team (offensive) and a blue team (defensive) squaring off against each other. Being in a continuous defensive role, ITSD better understands the tactics, techniques, and procedures of an attacker by playing one within the exercise.

4. Legacy System Modernization - Several legacy system modernization projects are currently underway that serve to:

- Enhance program effectiveness
- Improve productivity and reduce long-term costs
- Increase citizen access to state services, information and data; and
- Reduce risk of system outages and failure

Below are updates on a few of the large legacy system modernization projects:

- Department of Social Services: Missouri Eligibility Determination and Enrollment System (MEDES) – MEDES is a case management system that will eventually provide eligibility determinations and enrollment in Medicaid and Human Services programs. Development began in June 2013 with a contract awarded for systems integration services to design, implement and maintain MEDES. The MEDES Citizen Portal was implemented on October 1, 2013. The portal provides an online application for family Medicaid that incorporates the Single, Streamlined Application. This provides convenience to the applicant by sharing the information from a single application for multiple programs. The MEDES Case Worker portal for DSS employees was deployed in January 2014. Subsequent releases and MEDES projects continued in 2015.
- Department of Labor & Industrial Relations: Unemployment Insurance Modernization (UIM) – The current Unemployment Insurance Benefits and Tax Systems have served the state for many years (parts of these systems are over 40 years old), however the risks associated with continuing to use the system have increased over time. These risks stem from its poor documentation, complexity, and use of legacy technologies that make it increasingly difficult to support and modify. The system also inhibits DOLIR from fully automating and modernizing its business processes. UIM began in February 2013 and will be completed over a 3 year period.
- Department of Revenue: Integrated Revenue System – In order to take advantage of newer technology and better serve its constituency, DOR is replacing its current primary legacy systems with a new Missouri Integrated Revenue System that must support all of the essential functions of tax administration and collection. The system is a Commercial-Off-The-Shelf (COTS) system that is developed and supported by Revenue Solutions, Inc. (RSI). This multi-year project began in 2012. Release 1, which included all core system functionality and is specifically targeted to be used for registration and tire and battery fee processing, went live in February 2014.
- Release 2, scheduled for July 2016, implements the remaining business tax types of sales/use, corporate income and franchise, and withholding. Release 3, scheduled for 2017, will implement individual income tax. In addition, a taxpayer portal is planned for release in 2016.



Members of the General Assembly tour the Cybersecurity "War Room."

Despite the progress noted above, the state maintains over 100 legacy systems. Many of these systems are neither effective nor efficient, are difficult to access and not sustainable in the long term. Investing in the modernization of those systems is a good opportunity for the state.

5. E-Government – E-Government is defined as the use of technology to improve the effectiveness and efficiency of the delivery of government services and information to citizens, businesses and government agencies. E-Government initiatives and projects leverage technology to improve program performance, stretch budget dollars, increase state employee productivity, and simplify citizen access to government services and much more. Below are some notable accomplishments:

- OA: MissouriBUYS – In order to achieve greater procurement efficiency and savings for taxpayers and stake holders, a new modern eProcurement system, MissouriBUYS, is being deployed. Improving automation and technology eliminates complexities in the purchasing system and provides greater capabilities not only to OA's Division of Purchasing but also to other state agencies, local government entities and the vendor community.
- The first phase of MissouriBUYS utilizing the Perfect Commerce SaaS (Software-as-a-Service) solution was deployed in 2015 with over 6,000 vendors registered in the system. Vendor registration allows businesses who currently provide services to the State of Missouri to register online, select appropriate commodity codes, receive system-generated solicitation notices via email, and submit responses to these solicitations online. Two subsequent phases for completion for Formal Bid Solicitation and Order Management are scheduled to be completed in 2016.

- DSS: Children's Division Mobility Application – FACES is a comprehensive child welfare case management tool utilized by Children's Division staff, contracted case managers and foster care and adoption assistance staff. During 2015, ITSD deployed a FACES mobile application for the Apple iOS platform that is utilized on iPad mobile devices. This application allows Children Division staff to download cases to an iPad and subsequently enter the FACES case information while in the field during consultations with the families and children they serve. The application then automatically uploads the updated information back to the FACES application. In areas where connectivity is not available, the application saves the data offline and syncs the information to FACES when connectivity is established.
- OA: OEO – A new web-based system was deployed in 2015 for the electronic submission of OA's Office of Equal Opportunity (OEO) application for Minority /Woman Owned Business Enterprise Certification (MBE/WBE). The online application submission component is the first of three phases to automate and streamline the certification process. The online system enables citizens to electronically submit an application along with all required documentation rather than manually completing the application form and mailing in all necessary information.
- MDA: State Fair System Modernization – The State Fair exhibitor and entries management system is utilized year round for the annual Missouri State Fair. This system was modernized via procurement of ShoWorks software to better manage the registration of exhibitors and competition events. Enhanced functionality includes an online portal for exhibitors to register and pay to compete at events, a new management solution to process registrations, premium payouts of exhibitors showing and competing, online judging and entry check-in as well as new reporting management interfaces. The solution managed over 4,000 exhibitors who registered for over 30,000 events during the 2015 Missouri State Fair.
- DNR: Well Information Management System-Online Testing application (WIMS-OT) – The WIMS-OT web-based system provides online application approval, testing, real-time test results and payment options for drilling industry contractors to become permitted under the direction of DNR's Missouri Geological Survey division. The regulated drilling industry will no longer be required to take the exam(s) in person in Rolla, MO eliminating travel expenses and time commitments of those located across the state or out of state.
- DNR: Hazardous Waste Program eReporting: This eReporting solution allows large quantity hazardous waste generators to submit reports annually, rather than quarterly, if reports are submitted electronically through the application. The system directly benefits the department's stakeholders through the reduction of time and expense for report submittal.

CHALLENGES:

1. Cybersecurity – Protecting state assets, networks, systems and data is a huge challenge for all states. The threat to our cybersecurity from identity thieves, hacktivists and advanced persistent threats becomes more challenging to defend against every month. Hackers are not only using automated attacks against our state in an attempt to identify vulnerabilities that they can exploit, their use of social engineering and spear phishing is getting very sophisticated so security has really become a huge challenge for every state employee, not just IT. Additional funding that was provided in the current budget has been of great benefit, but vigilance must be maintained.

2. Funding – Funding is still a challenge for ITSD. ITSD took a big budget cut in FY2010 and the funding has not been fully restored. The reduction in budget has adversely affected our ability to refresh computers, network equipment and infrastructure. It has also impacted our ability to modernize over 100 legacy systems and our ability to use technology to increase effectiveness and efficiency. Examples of potential initiatives include:

- Enterprise Content Management
- Interoperability through Service Oriented Architecture and Master Data Management
- Small and Medium-Sized Legacy System Modernization
- Small and Medium Sized E-Government Projects
- Mobile Application Development
- Infrastructure Modernization and Refresh



Members of the General Assembly tour the State's Data Center.

3. Recruiting and Retention – Recruiting and retaining qualified staff is a challenge because of many factors, including:

- Nationwide talent shortage of IT professionals
- High percentages of retirement-eligible staff across ITSD the last several years
- Competition with private industry to attract IT staff
- Missouri state employee pay rates

In an effort to overcome these challenges, ITSD continues to recruit, train and promote qualified employees as staff retire and/or resign for other opportunities.

4. State Data Center – A different location for the State Data Center is necessary in order to mitigate the risks associated with power, environmental control and potential flooding. This is a highly complex, multi-year project that will require additional funding regardless of whether outsourced cloud strategies are employed.

Division of Personnel

NANCY JOHNSTON



Division Director

Employees:
55
Budget:
$3,584,698*

(*includes PS & EE)

ACCOMPLISHMENTS:

1. Human Resources Service Center – Efforts around HR transformation continue. The transformation leverages current resources, reduces paper transactions, and creates an effective and efficient system that is employee focused.

- During FY 15, HRSC has continued working towards centralizing HR procedures through the use of technology:
- A Request to Fill (RTF) Form was launched in MODOCS for divisions to use. This form is used to begin the hiring process. The divisions of ITSD, DOP and Accounting are currently able to route this form and obtain management approval within minutes. This is an improvement to a paper driven procedure that used to take days, if not weeks.
- A Recommendation to Hire (RTH) Form has been designed but has not been launched. This form is the last form utilized in the hiring process. Routing this form will allow our divisions to obtain management approval in minutes instead of days or weeks.
- Resumes and employment applications received in response to OA's job announcements are now shared with hiring managers electronically through the use of SharePoint. This achievement allows our employees to save resources and provides the ability to access to documentation needed by HRSC staff to verify eligibility on selected applicants.
- A web-based orientation program for new employees was developed and implemented.
- A web-based exit interview survey program was developed and implemented.
- Americans with Disabilities Act Amendments Act (ADAAA) training was developed and all supervisors and managers were trained.

2. Center for Management and Professional Development – Over the last year, the Center for Management and Professional Development:

- Provided a variety of e-learning opportunities for learners via trainer-led webinars, the MyQuickCoach online coaching system containing hundreds of brief 5-7 minute videos; Insights on Demand, containing more than 60 self-paced courses that reinforce leadership skills, effectiveness and productivity; and the Study Hall Series consisting of video lessons and individual self-study guides centered around key workforce topics
- Utilized various contract training professionals to create and present classroom programs in a variety of leadership, communication and computer software learning areas.
- Participated in, and helped to plan, the first State of Missouri Small Business Symposium and Reverse Vendor Fair for M/WBE business owners. These opportunities provided increased visibility for the center and allowed a "new" audience to realize the benefits ongoing learning can provide.
- Coordinated and sponsored the first Employee Award Ceremony recognizing State Employee of the Month and

OVERVIEW

The Division of Personnel assists all branches of state government by providing an effective and efficient statewide human resource management function, as well as guidance in several areas. Along with the Division of Personnel, the Personnel Advisory Board is responsible for the operation of the Missouri Merit System, the Uniform Classification and Pay (UCP) System and other HR management functions established by Chapter 36, RSMo. The director of the Division of Personnel and other division employees act as staff to the Board in its oversight and rule-making responsibilities. The four major programs of the Division are as follows:

Employee Services – develops and maintains UCP job class specifications including pay range assignment; administers position classification for agencies covered by the UCP System and maintains position history; promotes employment with the State of Missouri through a variety of methods; processes Merit register opening/closing dates and approves job postings to coincide with recruitment efforts; administers the Merit System employment application processes; reviews applicant credentials to determine eligibility for Merit job classes; and develops and updates Merit System examinations.

Pay, Leave and Reporting – provides information on the UCP System pay plan; provides guidance on pay, leave and hours of work; provides assistance with the SAM II HR/Payroll System; maintains registers of applicants from which agencies can select for Merit System jobs; ensures personnel transactions are in compliance with Chapter 36, RSMo; and administers the Productivity, Excellence and Results for Missouri (PERforM) State Employee Online Appraisal System.

Center for Management and Professional Development (CMPD) – develops and delivers interpersonal skills programs and management and supervisory skills training (comprised of workshops, webinars and other e-learning strategies) according to guidelines established by the State Management Training Rule (1 CSR 20-6). The CMPD also provides computer and technical skills training to help individuals increase their proficiency in Microsoft Office programs and other specialized software applications as well as maintaining computer training labs that allow agencies to bring their employees together in a pre-prepared training environment to increase staff proficiency in specialized or agency specific software programs. While primarily serving state agencies, the majority of CMPD programs and services are also available to city and county government employees and private sector businesses. In addition to training, the CMPD administers statewide recognition programs that include State Employee Recognition Week, State Employee of the Month, the Missouri Relies on Everyone (MoRE) State Employee Suggestion System, Missouri State Employees Award of Distinction, the Governor's Award for Quality and Productivity, and the employee recognition website, In the Spotlight. The CMPD also coordinates the WeSave Employee Discount Program.

Human Resources Service Center (HRSC) – responsible for human resources management and payroll for the Office of Administration. The center provides consistency in Human Resources services and procedures for OA employees and applicants. HRSC staff assists employees, applicants and management in many areas including, but not limited to, writing job advertisements; providing recruitment and retention strategies; processing payroll transactions; policy interpretation; and processing employee benefits and deductions. The HRSC also provides advice and expertise to stakeholders regarding workforce management as well as employee issues such as alleged sexual harassment and discrimination. Within this section, the state operators provide responses to questions from the general public.

State Employee Award of Distinction winners so they could meet Governor Nixon and be recognized for their accomplishments.

- Provided frequent one-on-one technical support (via phone and on-site visits) to employees struggling with Microsoft Office and other agency-specific software challenges.
- Prepared computer training labs to handle more than double the number of classes provided by various agencies for specific computer training over the previous year.
- Imaged computer training labs to assist with MissouriBUYS training. The center will likely begin to offer similar training in our ongoing curriculum next year.
- Reinstated quarterly Training Coordinator meetings (primarily for computer skills training) after a hiatus of several years to allow training concerns/updates to be discussed and to ensure training needs are being met.
- Coordinated the In the Spotlight! Employee Recognition Website to promote the accomplishments of state employees.
- Provided Lunch and Learn sessions to Mid-Missouri Association of Government Accountants on SAM II topics to increase awareness of the Center's computer training facility.
- Held two open house events to increase awareness about the center among state agencies, the public, and private sector.
- Marketed training programs to city and county government entities and the private sector to increase enrollments, control training costs, and allow greater opportunities for learners to benefit from the experiences of their peers in other organizations.
- Enhanced marketing/social media outreach efforts by including links to "free" MyQuickCoach videos and articles addressing specific developmental topics in weekly advertisements for training programs.
- Championed the annual State Employee Recognition Day (SERD) event attended by nearly 6,000 state employees and approximately 100 vendors comprised of state agencies and local merchants.
- Published quarterly Solutions e-magazines disseminating practical information to help managers develop the best in themselves and in those who work with and for them.

3. Recruitment Tools

- The MOCareers website, mocareers.mo.gov, was launched in January 2015 and is being utilized by a wide variety of state agencies and elected officials. MOCareers accommodates postings for all types of jobs, and is not limited to merit positions or agencies. An added feature is that job opportunities automatically post on the Division of Workforce Development's job seeker website, www.jobs.mo.gov. This option expands the visibility of job postings to a larger audience. More than 2,700 job opportunities were posted to MOCareers in 2015.
- The State of Missouri Merit Registers website, meritregisters.mo.gov, has been streamlined for a cleaner look and easier navigation. This site provides information concerning Merit registers that are open for current, future, and ongoing job opportunities within the agencies that comprise the Missouri Merit System.
- The website oa.mo.gov/personnel/classification-specifications provides descriptions of job classifications in the Uniform Classification and Pay System. These on-line descriptions were redesigned to be more applicant-friendly.
- Reference guides which break down job titles by educational category were developed in order to assist applicants with finding relevant jobs. These materials are available on-line at oa.mo.gov/personnel/information-job-applicants, under "Merit System/UCP Eligibility Based on Education Level" and are being used by the Office of Administration at career fairs and in the Division of Personnel's applicant Resource Center.
- UCP Class Specifications – Staff responded to agency customers by completing a significant number of requests to revise or develop class specifications. An agency specific example was assisting the Department of Natural Resources in revising their Environmental Specialist classes and developing new Environmental Supervisor and Environmental Scientist classes. A broader project concerned redeveloping the Accounting series, which involved working with all UCP agencies.

Challenges:

1. Human Resources Service Center

- Creating and implementing the workflow for HR forms located in MODOCs. Finishing up the workflow for the remaining four OA divisions will allow HRSC to better support the agencies and would improve processing time for the hiring process.
- Even though recruitment and retention efforts have improved during FY 15, OA struggles to find applicants for classifications in certain fields (i.e. trades such as carpenters, engineers etc.). Some of the factors that are contributing to this challenge are State of Missouri government low salaries in comparison to private industry; the declining value of other state government benefits such as medical and health insurance; limitations on continuing education and professional development; and confusion about the state application process.

2. Center for Management and Professional Development

- Cultivating dynamic, high-quality, contract trainers to provide a cost-effective and diverse spectrum of experience and learning for customers.
- Obtaining and maintaining the hardware/software needed to offer the computer and technical skills training programs customers need to do their job and that center staff needs to develop the training and advertising needed to better serve customers.
- Providing the right mix of training delivery options (i.e. classroom/online, content and cost) that will serve as a catalyst to increase participation in training programs – especially when budgets are tight and each agency's training dollars are severely limited.
- Exploring how viable it is to continue paying some staff salaries from the Training Revolving Fund (Fund 505)
- Promoting awareness of statewide recognition programs managed by the center so that more agencies and employees can participate and be represented in each program.
- Obtaining resources to provide a robust Learning Management System (LMS) beyond Moodle that can be inclusive to other state agencies.
- Finding support for new paradigms related to the professional development of supervisors, managers and employees that will continue to place the Division of Personnel and the Center in a position of leadership and oversight as directed in Chapter 36.

3. Succession Planning – These are challenges the state is beginning to experience as replacing skilled employees becomes more difficult. The division continues to face challenges due to resignation or attrition. Steps are underway to improve the position of the division in this area.

4. Recruitment and Retention – Some Merit registers contain a limited number of candidates, and skilled positions receive minimum interest when positions are advertised, which may be due to a variety of causes ranging from the required qualifications to annual pay. Regardless, because of the small selection pool, agencies constantly struggle to find skilled employees to fill vacancies created when tenured employees retire or resign from state employment.

5. EASe and MAIRS – The online application system, EASe, is very important to a number of our stakeholders, which range from applicants who are seeking employment with the State of Missouri to the Merit agencies that rely on the Division to certify quality candidates to fill their positions. There are a number of technical obstacles associated with the current system which continue to present challenges. The system is not programmed to validate an applicant's self-assessed eligibility in comparison to the education and experience information provided within the application, which directly relates to the quality of candidates that are added to merit registers. In addition, the Management and Applicant Information Resource System (MAIRS), which supports EASe and is also a tool for other aspects of the work performed by the division, is antiquated. Because of this, many desired enhancements for EASe are not currently possible. The Division of Personnel is aware of the problems associated with EASe and MAIRS, but has limited control for making and/or scheduling the implementation of necessary technical changes. Although this circumstance exists, staff works within the current constraints of the system to provide adequate service to applicants and merit agencies.

Division of Purchasing & Materials Management

KAREN BOEGER



Division Director

OVERVIEW

The Division of Purchasing is responsible for the procurement of supplies, materials and services required by state agencies to fulfill their mission. The division executes procurement functions in accordance with Chapter 34, RSMo by maximizing competition in the procurement process, conducting evaluations and negotiations, where appropriate, and awarding contracts to the "lowest and best" bidder.

Employees:
35
Budget:
$1,846,188*

(*includes PS & EE)

ACCOMPLISHMENTS:

1. eProcurement – The Division of Purchasing awarded the eProcurement contract to Perfect Commerce in the first quarter of calendar year 2015. Perfect Commerce, the Division of Accounting, the Information Technology Services Division, and the Division of Purchasing all actively participated in the ongoing implementation of the system, MissouriBUYS, which has three primary phases: Vendor Registration, Formal Solicitations, and Order Management, as well as integration of the system with the statewide financial management system, SAM II. The new Vendor Registration phase has been implemented and vendors are actively registering for the types of procurements they wish to be notified of when issued. Purchasing began exclusively posting its bid opportunities on the new statewide consolidated Bid Board in September of 2015. State agencies who issue formal solicitations under their delegated authority participated in training in December so that they will be able to begin using the same Bid Board for posting their solicitations in 2016 which will provide easier access to the state's bidding opportunities, particularly for small and disadvantaged businesses. The eProcurement team participated in discovery meetings in October to prepare for the final Order Management phase of implementation which is scheduled to be operational in 2016. This phase includes requisitions, informal solicitations, contracts, catalogs, purchase orders, invoices, and receipts.

2. Strategic Sourcing Initiative – The Division of Purchasing focused its efforts on ensuring its statewide contract portfolio is ready for eProcurement deployment so that the statewide contracts are easily transferable to the eProcurement system's database of catalogs and so that the state's eMarketplace can provide a wide offering of catalogs that brings value to the end user of the system, whether the end user is a state agency or a local government entity. Purchasing received mentoring support from a contractor to learn new techniques for analyzing contract-usage data on high spend/high transaction contracts to identify priority areas to pursue for the establishment of new statewide contracts. Purchasing completed 15 such analyses on high spend/high transaction sourcing categories, which included the identification of inherent risks or roadblocks associated with establishing these categories as statewide contracts and potential strategies for mitigating those risks. Buyers documented their research findings to assist the division in being able to make informed and strategic decisions on statewide contracts that should better serve state and local government agencies by incorporating these contracts into MissouriBUYS as punch-out or vendor-hosted catalogs.

3. Special Delegations of Authority – In response to noted deficiencies found in some procurements conducted by state agencies that had been given a delegation of procurement authority, the Division of Purchasing placed new requirements on all Special Delegations of Authority (SDA's) as a condition of the delegation for all state agencies moving forward. State agencies are now required to submit all solicitation documents to Purchasing for review before issuance; evaluators are required to view the Division of Purchasing's new web-based evaluator training prior to participating in the evaluation; and any awards that will be made to a vendor who is not the lowest-priced vendor must be reviewed in advance by Purchasing.

CHALLENGES:

1. Updating Business Processes and Documents to Align with eProcurement Technology – To take advantage of the new functionality provided to the Division of Purchasing by the new eProcurement system, Purchasing must adapt its processes and bid documents to align with the new eProcurement technology's processes. Similarly, the Division of Purchasing must update documents and processes it has established for state agencies to use under their delegated authority. The Division of Purchasing also must work with the vendor community to help them understand the state's new consolidated bid board, the ability to submit bids and proposal responses online, and to help them register for appropriate commodity codes. Purchasing must also proactively monitor statewide vendor compliance with usage and fee submission and reporting requirements. As MissouriBUYS is fully implemented and populated with data, the Division of Purchasing must learn how to analyze and use the available data to its advantage.

2. Executive Order 15-06 – Based on the issuance of Executive Order 15-06 that followed the Disparity Study, new or revised regulations will need to be promulgated and implemented. Part of that process will also include ensuring that appropriate goals are set for individual procurements and that the compliance with goals is both reported and utilized for contract compliance in future purchases. This process will also entail the establishment of infrastructure to ensure appropriate goals are set, waiver requests are reviewed, and issues concerning the application of Executive Order 15-06 are discussed and resolved.

3. Statewide Contracts – As part of our goal to populate the eMarketplace with as many existing and new statewide contracts as is practical and worthwhile for state agencies and local government entities, the Division of Purchasing must work to identify those contracts that are not currently statewide for implementation and in some cases rebid existing statewide contracts to ensure they are established in a manner that enables easy set-up as a punchout catalog or vendor hosted catalog. This additional effort, while important, must be prioritized along with normal procurement activities to address state agency needs for products and services.

4. Staffing – Retention of staff will continue to be a challenge for the division. Competing with state agencies that are able to attract trained staff with higher salaries keeps the division in a continuous hiring and retraining mode. Additionally, a large number of our senior management staff members are eligible to retire. The significant knowledge base will be difficult to replace when those individuals do retire.

Office of Equal Opportunity

ACCOMPLISHMENTS:

Employees:
5.5
Budget:
$300,030*

(*includes PS & EE)

1. Online Application –Internal reorganization and streamlined processes have allowed OEO staff to work on the creation of an Online Application system that will allow M/WBE applicants to submit their application and supporting documentation electronically. The implementation of this system will reduce the number of hours that it currently takes an applicant to submit the documentation necessary and will reduce the time required for staff to review and track information manually.

2. Disparity Study Oversight Review Committee – Currently OEO has 1,339 members, of which 530 are construction and the rest are certified to provide commodities, goods, and services. With the completion of the recent Disparity Study a list of recommendations was made by the Oversight Review Committee. The Disparity Study Oversight Review Committee, appointed by Gov. Nixon in 2014, was composed of representatives of civil rights, business, labor, and academic organizations including the NAACP, Associated General Contractors of St. Louis, and the University of Missouri-Columbia.

3. Executive Order 15-06 – Deputy Commissioner Renee Slusher along with OEO staff is working on updating the Code of State Regulations that governs OEO. One of the recommendations from the Oversight Review Committee was that a new executive order be created to replace Executive Order 05-30. Governor Jay Nixon recently signed Executive Order 15-06 to promote diversity, provide greater opportunities for minority and women-owned businesses, and encourage the creation of small businesses. Executive Order 15 -06 incorporates recommendations by the State of Missouri's Disparity Study Oversight Review and outlines a series of steps to ensure the state's contracting process promotes diversity and greater inclusion of M/WBEs.

4. Contract and Compliance Council – The council consists of representatives from all 16 state agencies and was reestablished to form committees to establish benchmarks for the OEO program as it relates to procurement issues.

5. Workforce Diversity Council – The council consists of representatives from all 16 state agencies and was reestablished to form adhoc committees to establish benchmarks for the OEO program as it relates to workforce diversity issues.

CHALLENGES:

The Office of Equal Opportunity has had many challenges in achieving parity and participation with its Minority and Women Owned Business Enterprises program as well as recruiting and retaining minorities in the workplace.

1. Outreach Efforts – One of the areas that needs immediate attention was outreach efforts. For the first time during this administration a Small Business Symposium and Reverse Vendor Fair was held in St. Louis and Kansas City, on May 27th and June 3rd respectively. A concretive approach to expand business opportunities, education and training to our state agencies and certified members are ongoing task and challenge due to lack of staff and budget constraints.

2. Code of State Regulations CSR's – Amending and expanding the rules that regulate the OEO program is under review and consideration to allow less restriction and roadblocks for MWBE's to conduct business in the State of Missouri.

3. M/WBE Certification – A number of MBE/WBEs reported experiencing difficulties with front companies, that is, companies who claim to be owned and controlled by a minority or a woman but are not. However, others reported that the certification process was excessively complicated and some were required to hire attorneys to defend their minority status. It has been recommended that a centralized certification process be created with one single agency be designated as the certifying agent in order to address some of these challenges listed in this section.

4. M/WBE Newsletter – In order to provide transparency and information one of our challenges is to develop the type of electronic publication that will allow our members and customers to be informed about issues that may impact their business and employment opportunities.

WALTER PEARSON



Interim Division Director

OVERVIEW

The Office of Equal Opportunity (OEO) has a total of 5.5 staff members to serve Minority and Women-owned Business Enterprises (M/WBE) that apply for certification. Due to staffing constraints, the OEO could barely keep up with its certification caseload and could not participate in outreach efforts beyond certification.

Assistant Commissioner Walter Pearson was named OEO's Acting Director in June of 2015. Mr. Pearson is experienced in M/WBE matters and his expertise best qualified him to lead this program. Commissioner Doug Nelson, Deputy Renee Commissioner General Counsel and Assistant Commissioner Walter Pearson created an innovative strategic plan to use existing staff and resources at the Office of Administration to bring two temporary staff to 7.5 staff members without using any additional funding from General Appropriation.

Human Resources

Employees:
18.5

AARON HART



Director

OVERVIEW

The Human Resources Service Center (HRSC) is responsible for human resources management and payroll for the Office of Administration (OA). The center is housed within the Division of Personnel and provides consistency in Human Resources services and procedures for employees and applicants of the Office of Administration. HRSC staff assists employees, applicants and management in many areas including, but not limited to, writing job advertisements; providing recruitment and retention strategies; processing payroll transactions; policy interpretation; and processing employee benefits and deductions. The HRSC also provides advice and expertise to stakeholders regarding workforce management as well as investigating employee issues. Within this section, the state operators provide responses to questions from the general public.

ACCOMPLISHMENTS:

1. Human Resources Service Center. Work continues to reduce paper transactions, and streamline HR procedures and processes. During 2015, HRSC has continued working toward centralizing HR procedures through the use of technology:

- A Request to Fill (RTF) Form was launch in MODOCS for divisions to use. This form is used to begin the hiring process. The divisions of ITSD, DOP and Accounting are currently able to route this form electronically and obtain management approval within minutes. This is an improvement to a paper driven procedure that used to take days if not weeks.
- A Recommendation to Hire (RTH) Form has been designed but has not been launched. This form is the last form utilized in the hiring process. Routing this form electronically will allow our divisions to obtain management approval in minutes instead of days or weeks.
- Resumes and employment applications received in response to OA's job announcements are now shared with hiring managers electronically through the use of SharePoint. This achievement allows our employees to save resources and provides the ability to access documentation needed by HRSC staff to verify eligibility on selected applicants. This process also allows the hiring manager to begin making interview decisions much faster.
- Facilities Management, Design and Construction uses an Addendum to collect information from their applicants. During 2015, this document was converted into a fillable word document to allow applicants to complete and save the document. HRSC also provides this document in PDF format.

2. Training – An Americans with Disabilities Act Amendments Act (ADAAA) training was developed and presented to OA supervisors and managers. This training was developed in response to the expansion of this Act and to ensure that members of management were aware of their responsibilities under the Act. Attendees received training credit for this class.

3. HR Call Center – During FY 15, the call center staff successfully took on the responsibility to complete Personnel Change Request (PCR) forms for OA divisions. This is a small but important step as it helps us gather consistent information. The Call Center staff received 1,112 HR tickets, of which 1,081 were completed. In addition, staff of the Call Center responded to 6,586 phone calls.

4. Recruitment & Retention – In the area of recruitment, the Office of Administration is still finding there are challenges to obtaining a highly-qualified workforce. To assist in building a pipeline of potential new full-time hires, a formal OA internship program was developed. During the summer of 2015, 15 paid interns worked in various OA divisions. Five of these interns received offers to extend their appointments for fall internships. This internship program received positive reviews from the interns and management in the Office of Administration.

Efforts continued this year in recruiting an increasingly sought after workforce. HRSC created a recruitment program to continuously interact with college and universities, key faculty members, career services staff, student associations, and students regarding pertinent job announcements, upcoming events or activities and job opportunities. As part of this program OA has attended numerous college and community career fairs to network with potential applicants and increase visibility, while simultaneously gaining an expanded portfolio of applicants. Some of the recruitment activities attended in 2015 include:

Gateway Career Services Association Networking Event
Fort Leonard Wood Army and Community Career Fair
Kansas City Veterans Career Fair
University of Central Missouri
Columbia College
Missouri University of Science & Technology
State Technical College of Missouri
Missouri State University
Central Methodist University
William Woods University
Harris-Stowe University
Truman State University
St. Louis Diversity Career Fair
Jefferson City News Tribune Career Fair
Lincoln University
University of Missouri
Westminster University
Moberly Area Community College
State Fair Community College
St. Louis Community College
Missouri Valley College
Southwest Baptist University
Ranken Technical Institute
University of Missouri- Kansas City

In 2015, HRSC began using MOCareers as another avenue of posting jobs. HRSC was a key stakeholder in the process of developing and implementing this new job posting website. HRSC has assisted numerous other agencies in the utilization of this new tool. In an effort to better serve applicants to OA, HRSC created a document matching degrees obtained to classifications that the degree would qualify the individual for in OA. This document was placed online and will help clarify to applicants what positions they could apply for.

5. Creation of Electronic New Employee Survey – This survey was created to voluntarily collect information from new employees on what they thought of OA's hiring process as well as their educational background, why they applied with OA, where they heard about the job opening etc. Approximately 50 percent of the employees surveyed have completed the survey. These responses have helped HRSC tailor a better recruitment and on boarding program for OA.

6. Creation of Electronic Exit Survey – Employees that separate from the Office of Administration receive a link to the survey prior to their last day of employment. In past years these form was mailed to employees. These confidential results have helped HRSC and OA gather helpful information in a timely fashion regarding each employee's experience with OA.

7. State Operators – Responded to 8,782 phone calls during the year. They also set up 11,589 conference calls for state office holders and departments. In order to transfer callers to the correct employee, the state operators use a database that contains more than 59,000 employee records and phone numbers. Updating this database is labor-intensive due to information changes as employees are hired or separated from state departments. In 2015 state operators maintained the level of missing information below two percent, and in some months below one percent.

8. New Class Specifications – New class specifications in the Accounting series were developed to realign how these positions were used and to be able to more easily recruit new applicants. In addition, new career paths within these series were developed which will assist in retention and recognition of employees. Repositioning transactions were processed for affected individuals and current vacancies are being transitioned to the new series.

9. Reporting – New reports were created and developed within the Enterprise Timekeeping Application to assist managers and employees as well as HRSC with timekeeping activities. A variety of other new reports, including a report to more efficiently track Family Medical Leave Act usage, were developed.

CHALLENGES:

1. Automation of Personnel Change Request (PCR) forms – Currently, OA has a paper form that is routed from the divisions to the Commissioner's Office for the approval of any personnel change that involves pay. This form is filled out by the divisions, routed through HR to the Commissioner for approval and then back to HR to enter into the payroll system. Automation of this process will reduce staff time and eliminate inefficiencies in the transaction process. HRSC will continue creating and implementing the workflow for HR forms located in MODOCs. Finishing up the workflow for the remaining four OA divisions will allow HRSC to better support the divisions and would improve processing time hiring new employees. In addition, the need exists for many HR forms to be reformatted into fillable PDFs online.

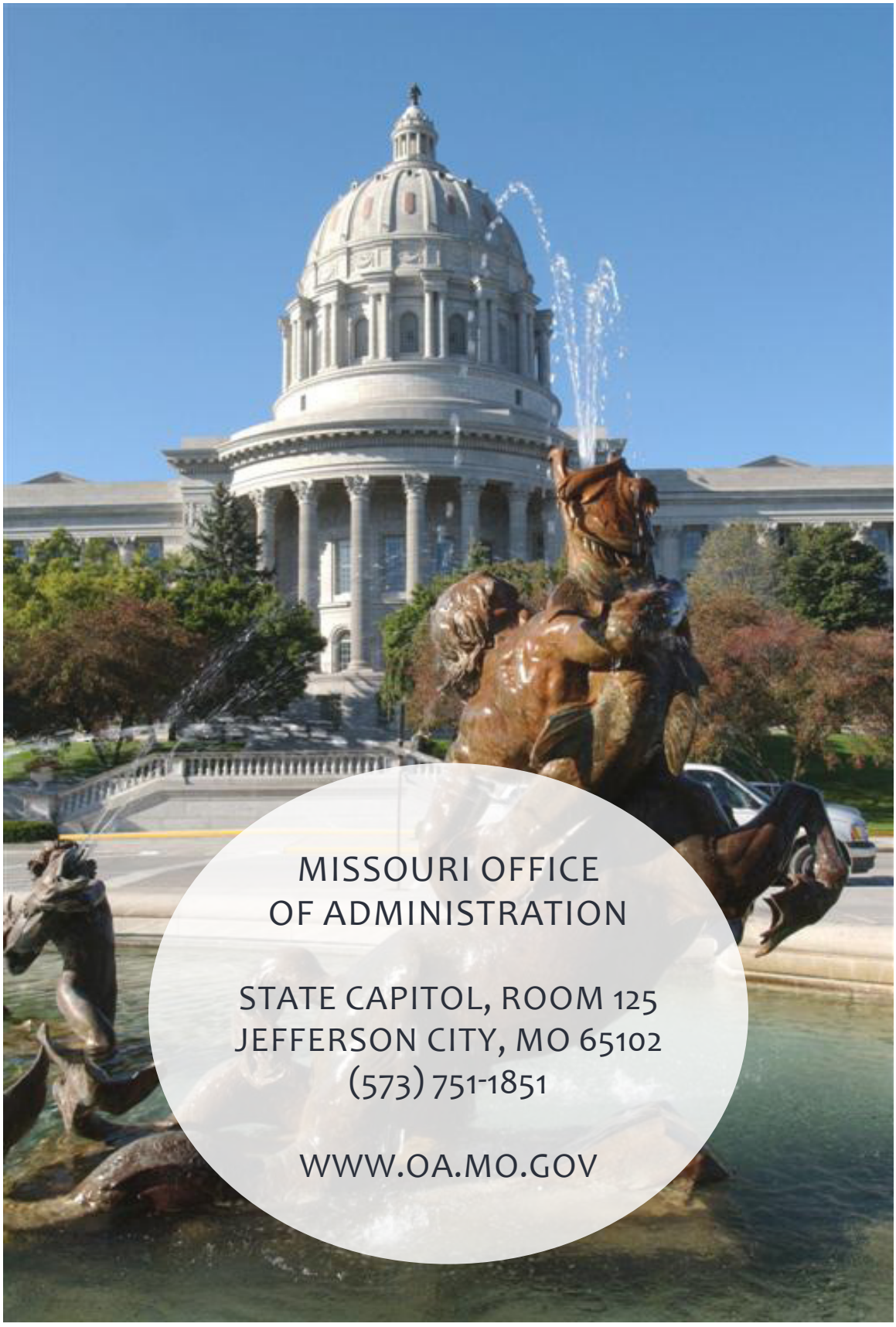
2. Recruitment – Even though recruitment and retention efforts have continued during 2015, OA still struggles to find applicants for classifications in certain fields (i.e. trades such as carpenters, engineers etc.). Some of the factors that are contributing to this challenge are State of Missouri government low salaries in comparison to private industry; the declining value of State government benefits such as medical and health insurance; limitations on continuing education and professional development; and confusion about the state application process.

3. Manager/Supervisor Training – Although time was dedicated to training on ADA in 2015, many new initiatives are currently underway within the HRSC. As a result of these initiatives, many HR processes are changing. It is imperative that supervisors continue to be trained and kept up-to-date in areas including interviewing, reference checks, disciplinary issues, performance appraisals, and FMLA and ADA requests. HRSC staff is working to provide training credit to attendees. Efforts in HRSC to proactively address trending items will continue.

4. State Operators – Populating the state operator's phone number database has continued to be a challenge. HRSC staff continues working on ideas to replace this manual process. Another challenge that has been identified is the need to replace the state operator's consoles. The vendor has indicated that once the State of Missouri upgrades to a new operating system the consoles would no longer be supported.

5. Review of Office of Administration Policies – Work continues on updating OA's policies that have not been reviewed and/or updated. This is an ongoing process in order to respond to changes at both the state and federal level.

6. Class Specification changes – In an effort to more easily attract candidates, HRSC is working on creating new titles for physical plant operations. This will bring the class specifications in line with how the division wants to utilize the positions, allow for greater attraction in recruiting candidates by allowing simplified routes for eligibility and showcasing career progression possibilities, which will also assist in retention and morale. Updates to the eligibility criteria and scoring are in progress for the Buyer series to assist in the ability to hire the applicants best suited for the position as well. A new Construction Projects Manager series is being considered to better describe work being done within FMDC and to better attract applicants. GIS, Risk Management and the Park Maintenance Worker series are being updated as well.



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